AMENDED IN ASSEMBLY APRIL 6, 2015

california legislature—2015–16 regular session

ASSEMBLY BILL No. 1333

Introduced by Assembly Member Quirk

February 27, 2015

An act to ~~amend Section 399.20~~ *add Chapter 6 (commencing with Section 8390) to Division 4.1* of the Public Utilities Code, relating to energy.

legislative counsel's digest

AB 1333, as amended, Quirk. ~~Renewable energy.~~ *Energy efficiency programs.*

Existing law requires the Public Utilities Commission, in consultation with the State Energy Resources Conservation and Development Commission, to identify all potential cost-effective energy efficiency savings and establish efficiency targets for an electrical or gas corporation. Existing law requires a local publicly owned electric utility, in procuring energy, to acquire all cost-effective energy efficiency and demand response resources that are cost-effective, reliable, and feasible.

This bill would require electric and gas corporations and local publicly owned electric and gas utilities to require recipients of rebates or incentives from their residential or commercial energy efficiency or weatherization programs to install demand response infrastructure on the property for which the rebates or incentives are provided.

~~Under the Public Utilities Act, electrical corporations are required to file with the Public Utilities Commission a standard tariff for electricity purchased from certain electric generation facilities. The act declares it is the policy of this state and the intent of the Legislature to encourage electrical generation from eligible renewable energy resources.~~

~~This bill would specifically include in those eligible renewable energy resources those that can be used to meet peak demand. The bill also would make nonsubstantive changes and would correct erroneous cross-references.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ *yes*. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Chapter 6 (commencing with Section 8390) is added to Division 4.1 of the Public Utilities Code, to read:

CHAPTER 6. ENERGY EFFICIENCY PROGRAMS AND DEMAND RESPONSE

8390. (a) An electrical or gas corporation shall require recipients of rebates or incentives from residential or commercial energy efficiency or weatherization programs of the electrical or gas corporation, not including programs for appliance replacement, to install demand response infrastructure on the property for which the rebates or incentives are provided.

(b) A local publicly owned electric or gas utility shall require recipients of rebates or incentives from residential or commercial energy efficiency or weatherization programs of the utility, not including programs for appliance replacement, to install demand response infrastructure on the property for which the rebates or incentives are provided.

~~SECTION 1. Section 399.20 of the Public Utilities Code is amended to read:~~

~~399.20. (a) It is the policy of this state and the intent of the Legislature to encourage electrical generation from eligible renewable energy resources, including renewable energy resources that can be used to meet peak demand.~~

~~(b) As used in this section, "electric generation facility" means an electric generation facility located within the service territory of, and developed to sell electricity to, an electrical corporation that meets all of the following criteria:~~

~~(1) Has an effective capacity of not more than three megawatts.~~

~~(2) Is interconnected and operates in parallel with the electrical transmission and distribution grid.~~

~~(3) Is strategically located and interconnected to the electrical transmission and distribution grid in a manner that optimizes the deliverability of electricity generated at the facility to load centers.~~

~~(4) Is an eligible renewable energy resource.~~

~~(c) An electrical corporation shall file with the commission a standard tariff for electricity purchased from an electric generation facility. The commission may modify or adjust the requirements of this section for an electrical corporation with less than 100,000 service connections, as individual circumstances merit.~~

~~(d) (1) The tariff shall provide for payment for every kilowatthour of electricity purchased from an electric generation facility for a period of 10, 15, or 20 years, as authorized by the commission. The payment shall be the market price determined by the commission pursuant to paragraph (2) and shall include all current and anticipated environmental compliance costs, including, but not limited to, mitigation of emissions of greenhouse gases and air pollution offsets associated with the operation of new generating facilities in the local air pollution control or air quality management district where the electric generation facility is located.~~

~~(2) The commission shall establish a methodology to determine the market price of electricity for terms corresponding to the length of contracts with an electric generation facility, in consideration of the following:~~

~~(A) The long-term market price of electricity for fixed price contracts, determined pursuant to an electrical corporation's general procurement activities, as authorized by the commission.~~

~~(B) The long-term ownership, operating, and fixed-price fuel costs associated with fixed-price electricity from new generating facilities.~~

~~(C) The value of different electricity products including baseload, peaking, and as-available electricity.~~

~~(3) The commission may adjust the payment rate to reflect the value of every kilowatthour of electricity generated on a time-of-delivery basis.~~

~~(4) The commission shall ensure, with respect to rates and charges, that ratepayers that do not receive service pursuant to the tariff are indifferent to whether a ratepayer with an electric generation facility receives service pursuant to the tariff.~~

~~(e) An electrical corporation shall provide expedited interconnection procedures to an electric generation facility located on a distribution circuit that generates electricity at a time and in a manner so as to offset the peak demand on the distribution circuit, if the electrical corporation determines that the electric generation facility will not adversely affect the distribution grid. The commission shall consider, and may establish, a value for an electric generation facility located on a distribution circuit that generates electricity at a time and in a manner so as to offset the peak demand on the distribution circuit.~~

~~(f) (1) An electrical corporation shall make the tariff available to the owner or operator of an electric generation facility within the service territory of the electrical corporation, upon request, on a first-come-first-served basis, until the electrical corporation meets its proportionate share of a statewide cap of 750 megawatts cumulative rated generation capacity served under this section and Section 399.32. The proportionate share shall be calculated based on the ratio of the electrical corporation's peak demand compared to the total statewide peak demand.~~

~~(2) By June 1, 2013, the commission shall, in addition to the 750 megawatts identified in paragraph (1), direct the electrical corporations to collectively procure at least 250 megawatts of cumulative rated generating capacity from developers of bioenergy projects that commence operation on or after June 1, 2013. The commission shall, for each electrical corporation, allocate shares of the additional 250 megawatts based on the ratio of each electrical corporation's peak demand compared to the total statewide peak demand. In implementing this paragraph, the commission shall do all of the following:~~

~~(A) Allocate the 250 megawatts identified in this paragraph among the electrical corporations based on the following categories:~~

~~(i) For biogas from wastewater treatment, municipal organic waste diversion, food processing, and codigestion, 110 megawatts.~~

~~(ii) For dairy and other agricultural bioenergy, 90 megawatts.~~

~~(iii) For bioenergy using byproducts of sustainable forest management, 50 megawatts. Allocations under this category shall be determined based on the proportion of bioenergy that sustainable forest management providers derive from sustainable forest~~

~~management in fire threat treatment areas, as designated by the Department of Forestry and Fire Protection.~~

~~(B) Direct the electrical corporations to develop standard contract terms and conditions that reflect the operational characteristics of the projects, and to provide a streamlined contracting process.~~

~~(C) Coordinate, to the maximum extent feasible, any incentive or subsidy programs for bioenergy with the agencies listed in subparagraph (A) of paragraph (3) to provide maximum benefits to ratepayers and to ensure that incentives are used to reduce contract prices.~~

~~(D) The commission shall encourage gas and electrical corporations to develop and offer programs and services to facilitate development of in-state biogas for a broad range of purposes.~~

~~(3) (A) The commission, in consultation with the Energy Commission, the State Air Resources Board, the Department of Forestry and Fire Protection, the Department of Food and Agriculture, and the Department of Resources Recycling and Recovery, may review the allocations of the 250 additional megawatts identified in paragraph (2) to determine if those allocations are appropriate.~~

~~(B) If the commission finds that the allocations of the 250 additional megawatts identified in paragraph (2) are not appropriate, the commission may reallocate the 250 megawatts among the categories established in subparagraph (A) of paragraph (2).~~

~~(4) For purposes of this subdivision, "bioenergy" means biogas and biomass.~~

~~(g) The electrical corporation may make the terms of the tariff available to owners and operators of an electric generation facility in the form of a standard contract subject to commission approval.~~

~~(h) Every kilowatthour of electricity purchased from an electric generation facility shall count toward meeting the electrical corporation's renewables portfolio standard annual procurement targets for purposes of paragraph (1) of subdivision (b) of Section 399.15.~~

~~(i) The physical generating capacity of an electric generation facility shall count toward the electrical corporation's resource adequacy requirement for purposes of Section 380.~~

~~(j) (1) The commission shall establish performance standards for any electric generation facility that has a capacity greater than one megawatt to ensure that those facilities are constructed, operated, and maintained to generate the expected annual net production of electricity and do not impact system reliability.~~

~~(2) The commission may reduce the three megawatt capacity limitation of paragraph (1) of subdivision (b) if the commission finds that a reduced capacity limitation is necessary to maintain system reliability within that electrical corporation's service territory.~~

~~(k) (1) An owner or operator of an electric generation facility that received ratepayer-funded incentives in accordance with Section 379.6 of this code, or with Section 25782 of the Public Resources Code, and participated in a net metering program pursuant to Sections 2827 and 2827.10 of, and former Section 2827.9 of, this code before January 1, 2010, shall be eligible for a tariff or standard contract filed by an electrical corporation pursuant to this section.~~

~~(2) In establishing the tariffs or standard contracts pursuant to this section, the commission shall consider ratepayer-funded incentive payments previously received by the generation facility pursuant to Section 379.6 of this code or Section 25782 of the Public Resources Code. The commission shall require reimbursement of any funds received from these incentive programs to an electric generation facility, in order for that facility to be eligible for a tariff or standard contract filed by an electrical corporation pursuant to this section, unless the commission determines ratepayers have received sufficient value from the incentives provided to the facility based on how long the project has been in operation and the amount of renewable electricity previously generated by the facility.~~

~~(3) A customer that receives service under a tariff or contract approved by the commission pursuant to this section is not eligible to participate in a net metering program.~~

~~(*l*) An owner or operator of an electric generation facility electing to receive service under a tariff or contract approved by the commission shall continue to receive service under the tariff or contract until either of the following occurs:~~

~~(1) The owner or operator of an electric generation facility no longer meets the eligibility requirements for receiving service pursuant to the tariff or contract.~~

~~(2) The period of service established by the commission pursuant to subdivision (d) is completed.~~

~~(m) Within 10 days of receipt of a request for a tariff pursuant to this section from an owner or operator of an electric generation facility, the electrical corporation that receives the request shall post a copy of the request on its Internet Web site. The information posted on the Internet Web site shall include the name of the city in which the facility is located, but information that is proprietary and confidential, including, but not limited to, address information beyond the name of the city in which the facility is located, shall be redacted.~~

~~(n) An electrical corporation may deny a tariff request pursuant to this section if the electrical corporation makes any of the following findings:~~

~~(1) The electric generation facility does not meet the requirements of this section.~~

~~(2) The transmission or distribution grid that would serve as the point of interconnection is inadequate.~~

~~(3) The electric generation facility does not meet all applicable state and local laws and building standards and utility interconnection requirements.~~

~~(4) The aggregate of all electric generating facilities on a distribution circuit would adversely impact utility operation and load restoration efforts of the distribution system.~~

~~(o) Upon receiving a notice of denial from an electrical corporation, the owner or operator of the electric generation facility denied a tariff pursuant to this section shall have the right to appeal that decision to the commission.~~

~~(p) To ensure the safety and reliability of electric generation facilities, the owner of an electric generation facility receiving a tariff pursuant to this section shall provide an inspection and maintenance report to the electrical corporation at least once every other year. The inspection and maintenance report shall be prepared at the owner's or operator's expense by a California-licensed contractor who is not the owner or operator of the electric generation facility. A California-licensed electrician shall perform the inspection of the electrical portion of the generation facility.~~

~~(q) The contract between the electric generation facility receiving the tariff and the electrical corporation shall contain provisions that ensure that construction of the electric generating facility complies with all applicable state and local laws and building standards, and utility interconnection requirements.~~

~~(r) (1) All construction and installation of facilities of the electrical corporation, including at the point of the output meter or at the transmission or distribution grid, shall be performed only by that electrical corporation.~~

~~(2) All interconnection facilities installed on the electrical corporation's side of the transfer point for electricity between the electrical corporation and the electrical conductors of the electric generation facility shall be owned, operated, and maintained only by the electrical corporation. The ownership, installation, operation, reading, and testing of revenue metering equipment for electric generating facilities shall only be performed by the electrical corporation.~~

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